

City Roles and Responsibilities

Taxicab Regulatory and Service Model Study

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City of San Jose
Department of Transportation

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Analysis Of Key Issues

This section, part of the overall study of Taxi Regulatory and Service Model options, addresses the question of what should be the roles and responsibilities of City departments (Transportation, Police, Airport) in regulating, managing and facilitating efficient taxicab service in San Jose.

Currently, as described in more detail below, the Police Department manages day-to-day taxicab regulatory functions while the Department of Transportation is involved with broader policy and regulatory issues. The approach of dividing taxicab regulatory responsibilities between the Police Department and a separate agency is not unusual. Other examples include San Francisco, New York and Alexandria, Virginia. Alexandria is quite similar to San Jose in that the day-to-day licensing, vehicle inspection and enforcement functions are lodged in the Police Department while the DOT has taken on broader policy issues. In San Francisco, the licensing duties traditionally carried out by the Police Department are being transferred to the Taxi Commission while the PD will continue with street enforcement. San Francisco will then resemble New York, where the PD's only responsibility is for street enforcement and a separate Taxi Commission handles licensing, vehicle inspections, adjudications and policy-making functions.

By contrast, a number of cities or counties have centralized taxi regulatory functions in one agency. These include Los Angeles (DOT), Las Vegas (a separate authority), Chicago (Consumer Services), Boston (Police) and various Florida counties (Consumer Affairs departments). In these jurisdictions, one agency has responsibility for licensing, vehicle inspection, enforcement and policy-making.

Another approach is seen in San Diego and Orange County, where licensing, vehicle inspection, enforcement and many policy-making functions are assigned to the county-wide transit agency (MTDB and OCTA, respectively). However, cities retain some degree of policy autonomy. For example, the San Diego City Council sets overall policy on issuance of new vehicle permits and the City of Anaheim franchises taxicab companies to operate in Anaheim.

A special case concerns the use of a separate Taxicab Commission. Examples include San Francisco, New York and the District of Columbia. The concept behind a commission is that the nature of taxicab regulation calls for a relatively autonomous agency. In practice, however, the degree of autonomy is less than may first appear. In each of these cities, regulatory policy is set at least in consultation with City Hall if not at City Hall's direction. In addition, the City retains complete budget authority over the agency and agency staff are City employees. Appointed Commission members do have certain autonomous powers, however, such as to revoke licenses (although subject to certain appeal procedures) and, in the case of New York, rule-making authority.

Current City agency roles and responsibilities

The San Jose Police Department's Permitting Unit manages the day-to-day regulatory functions of the City's taxicab industry. These functions include driver testing, driver permit issuance, issuance of annual taxicab company licenses, suspension and revocation of permits and licenses, and complaint investigation. The Police Department also handles adjudication of taxicab license and taxicab driver permit cases, with appeals forwarded to the City's Code Enforcement Appeals Hearing Board. In addition, the San Jose Airport regulates the operation and permitting of all forms of ground transportation that operate on Airport premises including taxicabs, shuttles and buses. It also manages concession agreements with the two taxicab companies that exclusively serve the Airport's two airline terminals. Taxicab company insurance compliance is monitored by the Finance Department's Risk Management Unit, which oversees this function for all City departments.

The Department of Transportation (DOT) within the past year has begun providing limited monitoring and analysis services for the City's taxicab regulatory program. DOT, through its involvement on the Taxicab Advisory Team (TAT), has also begun assisting in the development of policy and rate setting recommendations for consideration by the City Council. The TAT is an industry advisory group co-chaired by DOT and the San Jose Convention and Visitors Bureau. DOT is also the lead department in the City's Transportation City Service Area (CSA), which sets strategic planning, policy and budgeting priorities for all City transportation services. The primary partners in the Transportation CSA are DOT and the Police Department. Other partners include the Public Works Department, the Airport, the Redevelopment Agency, and the Planning, Building and Code Enforcement Department (Planning).

Overall, official policy and rates for the San Jose taxicab industry are set by the City Council. Further details on the San Jose current taxicab regulatory program can be found in Appendix A.

Alternatives analysis

An effective taxi regulatory program depends on a number of factors including an appropriate fit between the tasks and core functions of the organization, as well as senior-level attention and support in order to ensure that taxi regulatory issues receive the attention they need. There also needs to be continuity of staffing while providing staff opportunity for professional advancement and allowing the transfer of new staff into the regulatory program. It is also important to coordinate administrative and policy areas of the regulatory program, a goal that is even more critical when program functions are split between various agencies. Moreover, the program must be structured to allow for adequate industry and consumer advice and input.

In considering alternatives, a number of organizational questions should also be addressed. Are there benefits in housing all program functions in one department, e.g. the Police Department, Transportation Department, or Planning Department, versus

the current situation where functions are split between several departments? Would the transfer of permitting functions currently with the Police to another City department improve and/or streamline the taxicab regulatory program? What department is best equipped to provide policy and management oversight?

To address these issues, an assessment of five alternatives will be discussed: (1) transfer of all program functions to the Police Department, (2) transfer of all program functions to the Transportation Department, (3) transfer of program functions to the Planning Department's Code Enforcement Division, (4) transfer of all program functions to an independent Taxi Commission, and (5) continuing the current division of regulatory functions between the Police Department and DOT. This analysis will discuss the "fit" with core functions of each department and the benefits and drawbacks of each option.

Option 1. Transfer all taxicab regulatory program functions to the Police Department.

Since the majority of program duties – driver testing, permitting, vehicle inspections and licensing, company licensing and adjudication – are currently with the Police Department Permitting Unit, it is worth examining first whether it makes organizational and functional sense for San Jose to place the entire regulatory program with the Police Department. Making this alternative work would require the transfer from DOT to the Police Department of the additional functions of industry monitoring and analysis, coordination with other jurisdictions and transportation modes, and rate setting.

There are some advantages to this option. The Police Department Permitting Unit has administered taxicab driver permitting, licensing and enforcement functions for years, along with the administration of numerous other business permitting programs including those for liquor sales, peddlers, funeral escort services and street closures, to name but a few. Adjudication of complaints is also consistent with the Police Department's core functions as they are constantly dealing with a broad range of citizen complaints. The Police Department also currently shares taxicab insurance oversight duties with the Finance Department's Risk Management Unit.

There are however significant disadvantages to this alternative. Historically, few personnel have been assigned to taxicab program duties, presumably due to resource constraints and where taxicab regulation falls among priorities within the department. As a result, the day-to-day management demands of the taxicab regulatory program have overloaded the few Department staff dedicated to the program to the point where some administrative duties cannot be carried out unless other Police Department staff is enlisted to assist. In addition, dedicated personnel assigned to the taxicab regulatory program are rotated periodically. While rotation has advantages, the current taxicab regulatory program is not sufficiently robust to provide the framework that ensures that institutional knowledge is retained and administrative consistency is maintained over time. Resource constraints also adversely affect the Department's ability to conduct effective street enforcement activities.

With current staffing levels, the Police Department is already challenged with the handling of current permitting, licensing and enforcement duties. Adding industry monitoring and analysis, policy development and rate setting duties along with coordinating taxi regulation with other jurisdictions and ensuring coordination with other transportation modes to the current administrative and regulatory workload of the Police Department would place a substantial additional burden on Department staff. Moreover, many of the program functions that could potentially be added to the Police Department's purview fall within the realm of overall transportation policy for the City, something that is clearly outside the experience and mission of Police Department.

Option 2. Transfer all regulatory program functions to the Department of Transportation.

Another organizational alternative is placing the entire taxicab regulatory program function within DOT. To make this alternative work, DOT would need to assume the Police Department's current regulatory duties of taxicab driver testing, permitting and vehicle licensing, as well as oversight of insurance and enforcement.

A considerable advantage of this approach is that the current program functions administered by the Police Department appear to be consistent, at least to a degree, with some of DOT's core functions. The DOT Parking and Administrative Services Division has permitting capabilities as it currently reviews, approves and issues residential parking permits as well as issuing vehicle tow-away permits. The Division also regulates large trucks through the issuance of transportation permits. The DOT Parking and Administrative Services Division also has responsibility for compliance and enforcement of parking regulations. Therefore it may even be possible for DOT to incorporate street enforcement into its operations, with police enforcement officers called in on an as-needed basis.

DOT collects fines and has an administrative review process for contested citations that could possibly incorporate adjudication of taxicab service complaints. Considering the minimal staffing levels at the Police Department to handle permitting and complaint investigation, it may be possible for DOT to incorporate this function.

With DOT dedicating some staff resources over the past year to the taxicab regulatory program, its focus has been mainly industry monitoring and analysis, policy development and rate setting recommendations through the coordination and staff support of the TAT. Also, through the Transportation CSA budgeting and business planning process, DOT is integrally involved in transportation policy development, the coordination and provision of transportation services, and infrastructure improvements throughout the City.

While transferring the entire taxicab regulatory program may functionally be an option for the City to consider, there remains the considerable disadvantage of allocating necessary resources to train, equip and staff the transfer of these program responsibilities from the Police Department.

Historically, DOT has not had regulatory responsibility for the San Jose taxicab industry, as it was only this past year that it began program monitoring and analysis duties. Just as the Police Department is understaffed, the DOT would be as well with the added concern of taking over the entire program wholesale. Dedicated staff, whether newly hired or reassigned, would be needed to administer the transferred functions. Program training would be needed for all staff assigned to a portion of the regulatory program.

Also, it may not make sense to have only civilians handling taxicab enforcement, as there may periodically be circumstances that call for police enforcement. In a number of other jurisdictions, a special unit of the municipal police department handles this responsibility or the civilian code enforcement personnel call for police assistance when a dangerous situation is anticipated.

Option 3. Transfer regulatory program functions to the Planning Department's Code Enforcement Division.

Other municipal jurisdictions, such as Anaheim, California, place their taxicab regulatory programs within the city's code enforcement function. Like Anaheim, San Jose's Code Enforcement Division enforces various ordinances pertaining to existing building structures and neighborhood blight. Specifically, Code Enforcement functions include investigation and abatement of complaints involving land use (zoning), housing conditions, abandoned vehicles, signs, fences, and general public nuisances. The Division also monitors landfill and recycling sites to ensure their proper operation and compliance with federal, state and local codes.

In addition, one of Code Enforcement's six major program areas is Vehicle Abatement. The Vehicle Abatement Program deals with issues pertaining to abandoned, inoperable and unregistered vehicles left on public streets and property, as well as on private property. The Program also oversees administration of the Zone Tow Contracts by the City's six Zone Tow Contractors. The Program ensures that contract conditions are met and provides investigation of consumer complaints by vehicle owners.

To place all taxicab program regulatory functions in Code Enforcement would require the transfer of all permitting, testing, administrative, inspection and enforcement functions from the Police Department, plus the industry monitoring and analysis, rate setting and policy development functions from the Transportation Department.

Placing the taxi program within Code Enforcement has some advantages. The Division's core function is ensuring compliance with municipal, state and federal codes and regulations. In carrying out this function, Division staff is engaged in permit compliance, complaint investigation, and inspection and monitoring of regulated facilities. Also, Code Enforcement personnel currently play a role in the City's taxicab program by providing support to the Appeals Hearing Board, which hears appeals of police permit denials regarding the City's taxicab regulatory program.

While the Code Enforcement Division currently administers functions similar to some of those of the City's taxicab regulatory program, placing wholesale the taxicab program responsibilities into this Division carries with it considerable disadvantages. Code Enforcement staff have no experience managing any of the day-to-day administrative, regulatory or enforcement functions of the taxicab program. Building code enforcement is different than taxicab enforcement and is likely to require additional staff resources to administer the program effectively without diverting current staff from other important programs. Just as would be necessary with a transfer of regulatory program functions to the DOT, Code Enforcement staff would need to be trained in the taxicab program functions currently provided by the Police Department. In addition, although a member department of the Transportation CSA, Code Enforcement historically has not played a primary role in transportation program administration and policy in the City. The DOT would be the more appropriate organization to develop and coordinate San Jose's transportation policy.

Option 4. Transfer all regulatory program functions to an independent Taxi Commission.

A possible organizational alternative for the City to consider is to establish an entirely separate administrative body, such as a taxi commission, to solely administer San Jose's taxicab regulatory program. Making this option viable would require not only transferring regulatory program functions currently administered by the Police and Transportation Departments, but also establishing the necessary management and support staff structure to oversee the operation of the new organization.

Under this arrangement, all taxicab regulatory, administrative and enforcement functions would be housed in one dedicated organization. Program goals and priorities would receive substantial commitment from the organization's senior management, as the sole focus would be effective taxicab regulation.

However, creating a completely new City government body such as a taxi commission along the lines of that in New York or San Francisco would entail substantial disadvantages as well. The resources needed to create, staff, and equip such an organization would exceed those needed to transfer functions to an existing City department, as discussed above.

Additionally, under San Jose's current taxicab program arrangement, permitting and program personnel are assigned to managers and directors who can afford to spend a small portion of their time on taxicab program and policy issues on an as-needed basis. The resources needed to staff, house, and equip a new independent organization with management, program, and enforcement personnel may prove to be considerable. However, it is also conceivable that some cost savings may be attained assuming program functions are transferred to personnel commanding lower salaries than those currently assigned to taxicab program duties. Even so, given the current climate of reduced municipal revenues, constricted department budgets, and the trimming of City services, this may not be a practical option for the City to implement at this time.

Option 5. Split regulatory functions between Police Department and DOT.

Overall, San Jose's current structural arrangement of dividing the various taxicab regulatory program functions among City departments is not necessarily a problem. All the necessary program elements exist. The main difficulty with the current structure is that no one department has been formally authorized to coordinate the City's overall taxicab regulatory program. For this regulatory program structure to work, one City department must be designated to hold formal responsibility for managing and coordinating the overall taxicab regulatory program, as well as establishing robust program administration and information technology policies and processes to ensure the program is effectively implemented by all participating departments. This will require some enhancement of current resources.

There are considerable advantages to the current regulatory program organizational structure. The Police Department currently provides day-to-day administration of the taxi regulatory program, including driver permitting and testing, taxicab vehicle inspection and licensing, and company licensing. The Police Department Permitting Unit has had years of experience with these functions, as well as with a wide range of other permitting functions related to numerous businesses regulated by the City.

The Police Department also handles complaint investigation and adjudication functions City wide, while at the Airport these are administered by the Ground Transportation Operations Unit through its taxicab concession agreements.

The Finance Department's Risk Management Unit reviews taxicab company insurance coverage and coordinates with the Police Department to ensure compliance with City requirements. This is a centralized function and it is performed for all City government departments.

Perhaps most importantly, the DOT during the past year assumed industry monitoring and analysis functions of the taxicab program. DOT has also become more involved in developing taxicab policy and fare recommendations, primarily because it chairs the Transportation City Service Area (CSA) and the Taxicab Advisory Team, and recently assigned staff to the program. Until DOT acquired these activities, no City department had this broad a responsibility for the program. DOT's previous program responsibilities involved only establishing and maintaining taxi stands throughout the City. The CSA structure currently in place effectively enables the City to coordinate related functions housed in different departments.

However, there are some disadvantages to the current taxicab program that must be considered. Review of Police Department records indicates that the current antiquated database management system does not provide adequate information to manage the taxicab program or identify and track program costs and revenues. It has not been possible, for example, to track the number of taxicabs in operation over the past several years. In order to compile data on the number of complaints received and the nature of each complaint, staff needed to go through the entire catalog of driver files.

The program structure at the Police Department is also not robust enough to accommodate the current staff rotation in and out of the taxicab regulatory program. This creates inconsistency in the administration of the taxicab regulatory program and results in a commensurate loss of institutional knowledge. Another important disadvantage of the current structure at the Police Department is that the lack of staff resources limits its ability to provide active street enforcement of taxicab regulations.

Moreover, as mentioned above, in order for the split of program functions among City departments to work, one entity in the City should have the responsibility for overseeing the entire program and coordinating how it fits into the City's overall transportation service priorities.

Staffing

At present, the Police Department has one full-time Permitting Unit officer assigned to administer the majority of duties associated with the program. Personnel at the Lieutenant and Sergeant levels provide program oversight. Testing and inspection duties are handled on an as-needed basis by three other police officers. Clerical duties associated with the permitting process are divided among three administrative staff in the Unit. Adjudication and policy analysis functions make up a very small percentage of the duties handled at the Deputy Chief of Police and Captain levels. No Department personnel are dedicated to street enforcement.

In DOT, 0.5 FTE personnel are currently dedicated to taxi regulatory duties, with oversight provided by the Assistant Director.

This level of staffing is at the low end of the range of staffing levels in similar jurisdictions – which themselves find staff spread quite thin. For example, there are currently 4 FTE personnel assigned to taxicab regulatory functions in Orange County (not counting time spent by city staff persons), 7 FTE in San Diego and 17.5 in San Francisco. Accounting for differences in industry size, staffing levels in these three cities are in the range of 0.7 to 1.3 FTE per 100 taxicabs. The comparable figure in San Jose is approximately 0.7 FTE per 100 taxicabs.

The clearest needs are for additional administrative capability in the PD and street enforcement. We can offer some guidance for the street enforcement aspect, where 0.5-1.0 FTE would be reasonable based on the experience of other cities.

Recommendations

1. Taxicab driver testing, permitting and enforcement functions should remain in the San Jose Police Department.

This recommendation recognizes that these functions are consistent with the Police Department's core functions. However, this is not to say that the Department's implementation of taxicab program activities is functioning at an optimal level. There are a number of areas that need considerable improvement and modernization in order to increase the effectiveness of taxicab program implementation.

First, the Department should improve the taxicab program record keeping, information technology and database management systems to accurately track the number of active drivers permits, taxicabs and companies, as well as associated revenues. This will ensure that program compliance, costs, and revenues can be monitored more effectively. Also, such improvements should allow seamless information sharing and improved communication between all departments involved in taxicab program administration.

Second, the Department should standardize taxicab permitting procedures to minimize consistency issues regarding administration of the program. As Police personnel are rotated through the program during the Department's usual staff rotation system, there can be an appearance of inconsistent implementation of the administrative elements of the program. Standardizing program administrative procedures and processes should ensure clear and consistent program implementation practices.

Third, the taxicab customer complaint processing and investigation process is a core function of the Police Department. Currently, taxicab customers are given the option of calling three entities to register complaints – the Police Department, the Convention and Visitors Bureau, and the taxicab company itself. With respect to City administration, this function needs to be centralized in one organization to ensure the appropriate response and resolution of complaints.

Finally, street enforcement activities should be enhanced to ensure greater compliance with taxicab program regulations.

2. The Department of Transportation should be designated to provide the analytic and policy oversight for the taxicab regulatory program.

This recommendation recognizes that while the City's primary taxicab regulatory program functions are divided among a few departments, no one department has been assigned formal oversight responsibility for the entire program.

As taxicab service is expected to be an increasingly important element of the City's transportation system, organizationally this responsibility should reside with the Transportation Department for two important reasons. First, the Department is best suited to the tasks of industry monitoring and analysis, policy development and rate setting through its co-chairmanship of the Taxicab Advisory Team. Second, the

Department chairs the City's Transportation CSA whose members include all of the departments integrally involved in providing a wide range of municipal transportation services.

To facilitate effective communication and management of the taxicab program among City departments, improved database management, information technology and management process systems should be put in place in both DOT and the Police Department.

3. The Transportation CSA should coordinate program planning, policy and budgeting for the entire San Jose taxicab regulatory program.

In recognition that this study is not recommending the transfer of all taxi regulatory program functions to one department, there needs to be an administrative body or forum which can bring together all the City departments involved in the taxicab regulatory program to provide coordinated program planning, policy, budget and investment activities. The Transportation CSA, chaired by the Department of Transportation, and whose members include all those involved in administering substantial elements of the current taxicab program – DOT, the Police Department, Planning, and the Airport – is the appropriate organization for these activities, and can address the taxi program in a holistic manner.

Under the structure of the Transportation CSA, DOT should continue to coordinate and assist on communications and input with the PD and airport on industry issues with interdepartmental implications, such as vehicle inspections, driver testing and allocation of airport permits under the airport permit system that is recommended in the main report. Administration of the airport taxicab management company contract should be housed with airport staff.

To date, the taxicab program has not been recognized in the Transportation CSA business plans. Recognizing that as taxi service becomes an increasingly important element of San Jose's overall transportation service system, it will need to receive appropriate City administration attention to ensure the program receives resources from all departments involved in its implementation. In its future business plans, the Transportation CSA should include and discuss the taxicab regulatory program as an integral part of the City's transportation system. The Transportation CSA should also investigate whether it wants to set as a target that permit, license and other program fees cover all taxicab program costs. Analysis by City staff indicates that current fees generate revenues that total only 48 percent of current taxicab program costs. (See table in Appendix B.)

4. The Transportation CSA should conduct an evaluation of taxicab program staffing resource needs.

This recommendation recognizes that the San Jose taxicab regulatory program is currently understaffed. The Transportation CSA should evaluate the program's resource needs so that the City can perform all functions necessary to administer and

enforce the program effectively. This should include an evaluation of resource needs at the Police Department as well as DOT. Resource needs should include program administration, industry oversight and tracking, policy-making, and street enforcement. Based on the experience of other cities, street enforcement of 0.5 to 1.0 FTE would appear reasonable.

APPENDIX A.

Existing Taxicab Regulatory Program

Overview

There are twelve (12) licensed taxicab companies operating in the City of San Jose with a total of approximately 470-500 permitted taxicab drivers and 520 licensed taxicab vehicles. At the San Jose Airport, there are a total of 610 permitted ground transportation operators authorized to operate on Airport property, including taxicabs, shuttles and buses.

The San Jose Police Department's Permitting Unit manages the day-to-day regulatory functions of the City's taxicab industry. These functions include:

- Annual taxicab company licenses
- Driver testing,
- Taxicab driver permit issuance,
- Annual taxicab safety inspections
- Suspension and revocation of permits and licenses
- Complaint investigations

The Police Department also handles adjudication of Taxicab License and Taxicab Driver Permit cases, with appeals forwarded to the City's Code Enforcement Appeals Hearing Board.

The San Jose Airport regulates the operation and permitting of all forms of ground transportation that operate on Airport premises including taxicabs, shuttles and buses. It also manages concession agreements with the two taxicab companies that exclusively serve the Airport's two airline terminals.

The Department of Transportation (DOT) within the past year has begun providing limited monitoring and analysis services for the City's taxicab regulatory program. The DOT, through its involvement in the Taxicab Advisory Team, has also begun assisting in the development of policy and rate setting recommendations for consideration by the City Council.

The Taxicab Advisory Team (TAT) is an industry advisory group co-chaired by the DOT and the San Jose Convention and Visitors Bureau.

The City Managers Office, through the City departments of the Transportation City Service Area (CSA), sets strategic planning, policy and budgeting priorities for all City transportation services. In the future, this will include the taxicab regulatory program. The primary partners in the Transportation CSA are the DOT and the Police

Department. Other partners include the Public Works Department, Airport, Redevelopment Agency, and the Planning, Building and Code Enforcement Department.

The Finance Department's Risk Management Unit oversees taxicab company insurance compliance.

The City Council sets official policy and rates for the San Jose taxicab industry.

Program Staffing

- The Police Department Permitting Unit has 1.0 FTE staff dedicated to the day-to-day management of the City's taxicab regulatory/permitting program. Additional Police Department staff, from Permitting Unit clerical staff to the Deputy Chief of Police, dedicates a portion of their time to providing testing, inspections, adjudication, and policy analysis as needed.
- The Department of Transportation has 0.5 FTE staff dedicated to taxicab industry monitoring and analysis, and Council report development. The Assistant Director dedicates approximately 10% of his time to taxi regulatory program oversight and coordination of the Taxi Advisory Team.
- The San Jose Airport has a total of 8 FTE (one superintendent and seven staff) assigned to manage all modes of Airport ground transportation operations, of which taxicab operations are a significant part (60 percent of all trips). An additional 1.5 FTE administrative staff are responsible for administering the ground transportation program. Other staff, from Parking Control Officers to the Deputy Director of Aviation, spend a portion of their time administering taxicab concession aspects of the ground transportation program.

Regulatory Functional Areas

Driver Testing/ Driver Permit Issuance/Criminal Record Check

The San Jose Police Department Permitting Unit conducts taxicab driver testing, permitting and criminal record checks. In order to receive a taxicab driver permit, person must pass written test on the regulations of the Taxicab industry and a practical road test. Taxicab drivers must also obtain a business license with the San Jose Finance Department and pay the applicable business tax.

The Police Department then does a background check on the driver, checking local warrants and confirming that the applicant has a valid drivers license issued by the California DMV, and conducts a review of accident history and points on the license. Drivers are then fingerprinted. Drug testing is also required and the Police Department works with two certified companies to perform drug testing of applicants. Drivers get tested at one of these two facilities and the results are then sent to the San Jose Police Department.

Taxicab driver permits are good for two years and are renewed administratively. Taxicab drivers must apply for a renewal of the permit at which time the Police Department again performs a review of the applicant's driving and criminal record. Re-testing is only required of taxicab drivers if their Driver Permit lapses. The Police Department conducts on average 2 road tests per week. Approximately 50 new driver permits are issued per year.

Taxicab Company Licensing

The Police Department issues licenses annually to taxicab companies applying to operate in San Jose. The Department checks company applications to ensure that they meet the basic licensing requirements (e.g., they own a minimum of 5 cabs, demonstrate financial viability, possess a clean criminal record, and have a radio dispatch system). Official licenses are issued once the Department confirms that companies meet the basic licensing requirements. New taxicab companies must pay a one-time license fee of \$1,790 upon their initial application for a license. Thereafter, the annual license renewal fee is only the per vehicle fee based on the number of taxicab vehicles reported as owned and operated by the company, although the same background checks are performed as with the initial license application. Individual taxicab owner/operators pay the annual fee for their own individual vehicles.

Vehicle Inspections and Licensing

Taxicabs vehicles are inspected annually by the Police Department and must meet the age and mileage requirements adopted by the City Council in March 2003. The inspection consists of a 30-point visual inspection of the car and a review of documentation, such as smog test validation, insurance certificate and a sworn statement by a certified mechanic that the taxicab is in good operating order. The registered owner of the vehicle must be the taxi company - the titled owner can be anyone. The taxicab company, not the driver, must maintain insurance on the vehicle. Once a vehicle passes inspection a vehicle license and official decal is issued. The decal must be affixed to the rear window of the licensed taxicab.

As part of the vehicle licensing process, the Santa Clara County Division of Weights and Measures checks vehicle fare meters annually for accuracy to ensure consumers will be charged fares correctly.

Street Enforcement

The Police Department is responsible for street enforcement of taxicab regulations in the City of San Jose. Street enforcement of the City's taxicab regulations is concurrent with enforcement of other traffic code regulations and in response to complaint investigations. No Police Department staff is assigned solely to conduct street enforcement of San Jose's taxicab regulations.

At San Jose Airport enforcement of taxicab concession and airport ground transportation rules and regulations is conducted by Airport ground transportation personnel. Any

issues identified by Airport staff pertaining to City taxicab ordinance permit violations are highlighted and submitted to the Police Department for appropriate action. Traffic violations and accidents on Airport premises are handled by the Police Department.

Adjudication Of Summonses/Complaints

Complaints regarding taxicab drivers are handled by the San Jose Police Department. The Police Department tracks complaints to determine the total number and breaks them down by company and whether the complaint occurred at the San Jose Airport. Complaints are put into the taxi driver's file. The complaint investigation process includes interviewing the complainant and the driver involved. Witnesses, if any, are also interviewed. After this investigation process, the Permitting Unit Officer makes his determination on the issue. Drivers who disagree with the outcome can appeal the decision to the Deputy Chief of Police. If necessary, further appeals can be made to the Code Enforcement Appeals Hearing Board.

The seven-member Board is quasi-judicial and hears code enforcement appeals of police permit denials or revocations. It follows the City's Administrative Remedies Ordinance that provides an administrative code enforcement procedure that is used in lieu of criminal and civil judicial enforcement, including the imposition of penalties up to \$2500 per day per violation. When the Board determines there is a violation it can impose an order requiring compliance, reimbursement of all City enforcement costs, and payment of civil penalties.

At the Airport, Ground Transportation Unit personnel handle complaints regarding taxi service. Complaint issues are resolved through procedures identified in the Liquidated Damages section of the Concession Agreement through direct discussions with the taxicab company involved. City taxicab ordinance violations are passed on to the Police Department.

Oversight of Insurance

The City's Office of Risk Management, a division of the Department of Finance, approves the content and form of insurance for taxicab companies. In the past, Risk Management notified the Police Department of lapses in coverage of insurance for any taxicab companies. Now, in response to a number of recent incidents of insurance lapses and cancellations, Police Department staff now review taxicab company insurance documents monthly and notify Risk Management of any problems or issues that arise.

Determination Of Public Convenience And Necessity

The Taxicab and Limousine Service Regulations, contained in the San Jose Municipal Code, give the Police Department, and the Appeals Hearing Board on appeal, the statutory authority to make determinations of public convenience and necessity regarding the denial of taxicab licenses to companies. However, in practice, and as per the Mayor and City Council's directive in December 2002 that they do not support a moratorium on the number of taxicab companies or the number of drivers operating in

the City, the Police Department does not limit the number of companies and drivers it licenses. The City has decided to let market forces to regulate the number of companies and drivers operating in San Jose.

Rate Setting

The Taxicab and Limousine Service Regulations give sole authority to the San Jose City Council to determine taxicab license fees, driver permit fees and the fare schedule for licensed taxicabs in the City. These fees and rates are regulated by resolution adopted by the City Council, the most recent of which were enacted in March 2003. Within the past year, the Department of Transportation has begun preparing the formal rate recommendations for official consideration by the Council.

Industry Monitoring And Analysis

The Department of Transportation took on the responsibility for the monitoring and analysis of San Jose's taxicab industry within the past year. The Transportation Department also manages the regulation and billing of taxi stands located throughout the City.

Coordination With Taxi Regulation In Other Cities

The departments of the City's Transportation CSA coordinate the City's taxi regulations with those in other neighboring municipalities.

Coordination With Regulation Of Other Related Modes (Shuttles, Sedans)

The City neither regulates the door-to-door shuttle industry, nor requires special drivers permits for this transportation mode beyond what is required by State or County regulatory requirements.

Through Chapter 25.01 of Title 25 of the San Jose Municipal Code, the San Jose International Airport regulates the operation of Ground Transportation Providers on the airport premises. These include taxicab operators; commercial operators (bus, shuttle and limousine); parking, hotel/motel, company courtesy vehicle and off-airport rental car operators; and courier operators.

The Airport issues permits that authorize a Ground Transportation Operator the right to operate vehicles on airport premises. Permitted vehicles must display a Vehicle Identification Decal and are required to have installed a transponder or similar device as part of an Automatic Vehicle Identification (AVI) System for the tracking of vehicle trips for certain categories of permitted vehicles. The AVI tag is issued to each permitted vehicle that automatically assesses a \$1.50 charge for each time the vehicle enters the grounds.

Additionally for taxicabs, the Airport Department manages a Concession Agreement for on-demand taxicab services at the airport. For licensed taxicab companies, the \$1.50 fee

is assessed against their monthly MAG (Minimum Annual Guarantee) fee, which is based on the previous year's trip volumes for the privilege of operating at the Airport.

Industry Advisory Group

The Taxicab Advisory Team (TAT) includes a total of 17 members representing taxicab owners, drivers, City administration, the Convention and Visitors Bureau, the Airport Commission, and the Disabilities Advisory Commission. The TAT is co-chaired by representatives of the DOT and the Convention and Visitors Bureau. Meetings are held approximately once a month.

In December 2000, the Mayor and City Council authorized the creation of the Taxicab Advisory Team, which replaced the original Taxi Task Force created in 1999 to resolve issues between drivers and taxicab companies. The TAT was enhanced with greater stakeholder representation and a specific charge to improve the customer experience and enhance the viability of the taxicab industry in San Jose.

DOT provides staff support for the TAT. The City Manager's Office in turn provides policy guidance to the Mayor and City Council. The TAT has created committees to complete a workplan for 2003 which includes 5 specific areas of interest including driver training, alternative taxi service model assessment, improving public relations and marketing of the industry, assessment of the number of taxicabs and drivers operating in the City, and evaluating the feasibility of creating a private Silicon Valley Taxicab Association to effectively represent the industry on a wide range of issues.

Taxicab Policy Development

Historically, a number of City departments and officials have been involved in taxicab policy development, including the Mayor and City Council, City Managers Office, DOT, the Airport, and the Taxi Advisory Team.

The City's Transportation CSA, a cross-departmental group of City administration officials develops the City's overall transportation strategic plan, set transportation policy and make transportation investment and budgeting decisions based on the CSA's 5-year business plan goals and objectives. The primary partners in the Transportation CSA are the Department of Transportation, the Police Department and City Managers Office. City departments contributing to the policy development and implementation of the Transportation CSA service goals include the Public Works Department, Airport, Redevelopment Agency, City Attorney, and Planning, Building, and Code Enforcement Department.

The Department of Transportation represents the CSA on taxicab issues before the City Council and coordinates the activities of the Taxicab Advisory Team.

Regulation/Policy Internal Review

The San Jose City Managers Office, through the Transportation CSA, develops and reviews the City's taxicab policies and regulations.

APPENDIX B.

Summary of Taxicab Revenues & Fees

The following analysis, prepared by City staff, shows that taxicab fees currently recover 48% of taxicab program costs.

Revenues, Costs, & Funding Gap

AIRPORT	
Current Taxicab Program Cost	\$972,193
Estimated Taxicab Revenues FY2003-04	\$600,000 (62%)
Funding Gap	\$372,193 (38%)
POLICE DEPARTMENT	
Current Taxicab Program Cost	\$418,052
Estimated Taxicab Revenues FY2003-04	\$80,000 (19%)
Funding Gap	\$384,823 (81%)
DEPARTMENT OF TRANSPORTATION	
Current Taxicab Program Cost	\$75,560
Estimated Taxicab Revenues FY2003-04	\$17,625 (23%)
Funding Gap	\$57,935 (77%)
TOTAL	
Current Taxicab Program Cost	\$1,465,805
Estimated Current Revenues	\$697,625 (48%)
Funding Gap	\$768,180 (52%)

Taxicab Revenue Fees

AIRPORT	
Annual Ground Transportation Permit	\$200.00
Per Trip Fee	\$1.50
Yellow Per Trip Fee	\$1.13
United Per Trip Fee	\$1.30
POLICE DEPARTMENT	
Taxicab Company Application	\$1,790 (one-time)
Restricted Company Application	\$1,790 (one-time)
Taxicab Owner's License (per car)	\$64 (annual at inspection)
Taxicab Re-Inspection	\$64
Taxicab Driver's Permit & Test	\$137 (biennial)
Taxicab Driver Retest	\$95
DEPARTMENT OF TRANSPORTATION	
Taxi Stand Rental (per space per month)	\$125